VZCZCXRO7185 PP RUEHBC RUEHDE RUEHIHL RUEHKUK DE RUEHGB #0362/01 0341359 ZNY SSSSS ZZH P 031359Z FEB 07 FM AMEMBASSY BAGHDAD TO RUEHC/SECSTATE WASHDC PRIORITY 9397 INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

S E C R E T SECTION 01 OF 02 BAGHDAD 000362

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E.O. 12958: DECL: 01/30/2017 TAGS: PGOV PREL IZ IR SY EG SA

SUBJECT: IRAQI PRESIDENT AGREES TO FACILITATE HYDROCARBON

LEGISLATION

Classified By: Ambassador Zalmay Khalilzad per 1.4 (b) and (d)

 $\underline{{}^{1}}1.$  (C) SUMMARY: In a meeting with the Ambassador on January 29, President Jalal Talabani agreed to go to Kurdistan with the Ambassador on February 3 to discuss the final details of the hydrocarbon law with KRG President Masud Barzani. The Ambassador said he would send Talabani a reasonable draft of the De-Ba, athification law, and Talabani said he would ask the De-Ba, athification Commission Chairman Ahmed Chalabi to accept the draft. The Ambassador and Talabani also discussed options for holding a regional conference in Iraq. END SUMMARY.

Latest News on the PCNS and BSP

12. (C) President Talabani began by describing the most recent Political Council for National Security meeting (PCNS), saying the Shia had mixed reactions to his recent trip to Syria. Talabani said the Iraqi Islamic Party (IIP) wanted to participate in the Baghdad Security Plan (BSP), and that Vice President and IIP leader Tariq al-Hashemi insisted his governing partners either accept him as a "strong" Sunni or the Sunnis would withdraw from government. Talabani said everyone assured Hashemi they wanted him as a partner. Talabani said the January 28 operation in Najaf would demonstrate that the GOI is fighting Shia, not just Sunnis.

Trip to Kurdistan on February 3

 $\P 3.$  (C) The Ambassador asked Talabani to accompany him on a trip to Kurdistan to discuss final details on the hydrocarbon law with Kurdistan Regional Government President Masud Barzani. The Ambassador also proposed discussing the strategic issues surrounding the PKK, Turkey, and Iran. President agreed to make the trip with the Ambassador on February 3.

Help With De-Ba, athification Law

14. (C) The Ambassador told Talabani he would send him a reasonable draft of the De-Ba, athification law in two days. Talabani said he would push De-Ba, athification Commission Chairman Ahmed Chalabi to accept it.

Exchange on Regional Issues and Regional Conference

15. (C) Regarding the Ambassador, s trip to Saudi Arabia the next day, Talabani asked the Ambassador to solicit Riyadh,s help in national reconciliation, saying there is a perception the Saudis are supporting the Sunnis at the expense of the

- Shia. Talabani said the Saudis had developed a relationship with the PUK Intelligence Service and had invited officials to Saudi Arabia for training.
- 16. (C) Talabani opined that Iran is in major trouble because of dissention within the government, even though Tehran is "talking big." The Ambassador confided that the USG was planning to release some information in a "low-key way" to demonstrate to the Iranians that Washington is not targeting them without reason. In response to the Ambassador,s question on whether the Syrians were controlling their border with Iraq, Talabani said they would have to wait and see. Words, he said, are not enough.
- 17. (C) The Ambassador and President discussed the Iraqi proposal to hold a regional conference in Baghdad. The Ambassador supported such a conference expressed concern that many foreign ministers might not come due to security concerns. The President suggested holding the conference in Irbil, noting that many countries hold conferences outside their capitals.

Discussion of Iraqi Politics

18. (C) The Ambassador asked whether the President thought some Arab leaders disappointment in Prime Minister Maliki was fair. Talabani replied that Maliki is not anti-Sunni, but that the Arab world does not like religious Shia. Nevertheless, Talabani continued, Maliki is not "working well." Talabani said former PM Ibrahim al-Jafari is working against Maliki because Jafari wants his former job back.

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¶9. (C) The Ambassador said that National Security Advisor Mowafaq Rubai is trying to organize a new political party. Talabani encouraged a new party and said he was ready to help finance one. The Ambassador relayed that Iraqiyah leader Ayad Allawi said the GOI arrested a number of Iraqiyah members. Talabani confirmed the information and said he was against it. The President opined that Allawi did not know how to use his popularity and chided Allawi for living outside the country without reason. KHALILZAD